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ABSTRACT

This 1994-95 Postsecondary Education Financing Study, better known as the "How Students Pay" study, is the latest in an ongoing series of efforts to learn more about students attending Indiana colleges who are served by federal, state, and institutional/private financial aid programs. The study begins with a description of student costs and then describes five types of financial resources available to students to help them meet those costs. The five resources are parent contribution, student contribution, grant programs, loan programs, and work programs. Special attention is given to the way that each resource is distributed among students. Total resources (that is, all five types of resources, combined) are then compared to total cost, and the shortfall between total resources and total cost is noted. Finally, a special analysis provides a progress report on one of the Indiana State Commission for Higher Education's state-level performance objectives. Under this performance objective, the Commission has sought to narrow the gap by which combined parent contribution and grants/scholarships fall short of total cost, for the poorest of students. The analysis reports that progress is not being made. (VWC)

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ED 442 478

Indiana Postsecondary Education Financing Study, 1994-95

"How Students Pay"

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COMMISSION FOR HIGHER EDUCATION
Friday, April 12, 1996

DISCUSSION ITEM B: **How Students and Families Pay for College in Indiana: 1994-95**

Staff Recommendation For information only.

Background

As the Commission develops its 1997-99 funding recommendations, it may be helpful to review how students and their families pay for college.

Toward that end, the Indiana Postsecondary Education Financing Study has been completed for 1994-95.

This 1994-95 Postsecondary Education Financing Study, sometimes known as the *How Students Pay* study, is the latest in an ongoing series of efforts to learn more about students attending Indiana colleges who are served by federal, state, and institutional/private student financial aid programs. The studies began in 1985-86 with printed surveys, but in recent years have drawn data directly from the Commission's Student Information System (SIS) database.

The current study begins with a description of student costs, and then describes five types of financial resources available to students to help them meet those costs. The five resources are parent contribution, student contribution, grant and scholarship programs, loan programs, and work programs. Special attention is given to the way that each resource is distributed among students.

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Early drafts of this study were shared with key financial aid administrators, and the current document reflects their input.

Where data are presented in summary form, detailed backup data tables are available and may be requested by contacting the Commission.

Supporting Document

Indiana Postsecondary Education Financing Study: 1994-95, March 26, 1996.

Indiana Postsecondary Education Financing Study: 1994-95

"How Students Pay"

March 26, 1996

Commission for Higher Education
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Indiana Postsecondary Education Financing Study: 1994-95

"How Students Pay"

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(The Appendix provides technical detail to support many of the graphs and tables in this document. The Appendix is not included in the abridged version of this document which is published in the Commission's agenda book.)

Indiana Postsecondary Education Financing Study: 1994-95

I. Introduction

This 1994-95 *Postsecondary Education Financing Study*, sometimes known as the *How Students Pay* study, is the latest in an ongoing series of efforts to learn more about students attending Indiana colleges who are served by federal, state, and institutional/private student financial aid programs. The studies began in 1985-86 with printed surveys, but in recent years have drawn data directly from the Commission's Student Information System (SIS) database. The SIS database provides considerable data of the type often found in a university's admissions, registration, and financial aid files.

The current study begins with a description of student costs, and then describes five types of financial resources available to students to help them meet those costs. The five resources are parent contribution, student contribution, grant and scholarship programs, loan programs, and work programs. Special attention is given to the way that each resource is distributed among students.

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Finally, a special analysis provides a progress report on one of the Commission's state-level performance objectives. Under this performance objective, the Commission has sought to narrow the gap by which combined parent contribution and grants/scholarships fall short of total cost, for the poorest of students. The analysis reports that progress is not being made.

II. Student Costs

The total cost of attending a public college for a two semester academic year, as estimated by the institutions, varies significantly from campus to campus (Figure 1). These student expense budget estimates, which include tuition and fees, books and supplies, and living expenses, range from a low of $5,418 for a student commuting from home to Vincennes University, to $14,030 for an IUPUI student living off-campus, to $19,769 for a student living off-campus at an independent college.

On most campuses, these estimated costs have increased since this study was last conducted two years ago. Student expense budgets increased the most (26.9%) for a Purdue University West Lafayette commuter student. At the opposite extreme, estimated total costs actually decreased 7.7% for a Ball State student living off-campus.

What explains the wide campus-to-campus variation in student cost estimates? Three factors. The first factor is the *analytical factor*, under which financial aid officers attempt to reflect reality through various student surveys, book store surveys, real estate surveys, etc. This addresses the fact, for example, that dormitory rates and apartment rents may be higher in one community than another. The second factor is the *professional judgment factor*, under which different individuals may have different opinions about the degree of personal sacrifice which should be expected of students. (How many students should be expected to live together in one apartment to share the rent? How many pairs of jeans should be included in the clothing allowance?) The third factor is a *marketing* factor, under which cost estimates may be systematically adjusted upward or downward to accommodate or attract students and their families.

The estimated cost of attendance is a key factor when financial aid officers compute a student's eligibility for most need-based financial aid programs, and it is an important element of the remaining cost analysis described later in this paper.

Figure 1

1994-95 Student Expense Budgets for Full-Time Indiana Residents

	Tuition & Fees (1)	Living Expenses (2)			Total		
		Commuter	On-Campus	Off-Campus	Commuter	On-Campus	Off-Campus
Indiana University							
Bloomington	$3,373	$4,582	$6,474	$7,704	$7,955	$9,847	$11,077
East	2,485	4,760	-	8,983	7,245	-	11,468
Kokomo	2,459	5,009	-	8,937	7,468	-	11,396
Northwest	2,465	5,691	-	7,026	8,156	-	9,491
South Bend	2,558	5,451	-	9,538	8,009	-	12,096
Southeast	2,442	5,508	-	7,968	7,950	-	10,410
IUPUI	2,978	7,074	7,686	11,052	10,052	10,664	14,030
Purdue University							
West Lafayette	2,884	5,380	6,610	7,800	8,264	9,494	10,684
Calumet	2,448	4,711	-	9,485	7,159	-	11,933
North Central	2,430	4,563	-	7,944	6,993	-	10,374
IUPU Fort Wayne	2,495	3,500	-	6,430	5,995	-	8,925
Indiana State Univ.	2,802	5,004	6,806	6,806	7,806	9,608	9,608
Univ. Southern Indiana	2,168	3,475	4,818	5,967	5,643	6,986	8,135
Ball State University	2,864	4,326	5,706	6,106	7,190	8,570	8,970
Vincennes University	2,168	3,250	5,562	5,562	5,418	7,730	7,730
Ivy Tech State College	1,724	4,590	-	7,921	6,314	-	9,645
Independent Colleges (3)	$11,942	$4,805	$6,237	$7,827	$16,747	$18,179	$19,769
STUDENT EXPENSE BUDGET TWO-YEAR INCREASE							
Indiana University							
Bloomington	17.8%	3.8%	6.2%	5.9%	9.3%	9.9%	9.3%
East	14.8%	6.4%	-	6.4%	9.1%	-	8.1%
Kokomo	13.9%	(0.2%)	-	(2.2%)	4.1%	-	0.8%
Northwest	14.3%	0.0%	-	0.0%	3.9%	-	3.4%
South Bend	17.6%	7.0%	-	6.6%	10.1%	-	8.7%
Southeast	14.0%	5.6%	-	7.6%	8.0%	-	9.1%
IUPUI	16.1%	6.8%	6.9%	6.8%	9.4%	9.3%	8.7%
Purdue University							
West Lafayette	14.4%	34.8%	22.0%	15.4%	26.9%	19.6%	15.1%
Calumet	14.1%	17.8%	-	6.6%	16.5%	-	8.0%
North Central	14.2%	9.0%	-	9.1%	10.8%	-	10.2%
IUPUI Ft. Wayne	16.4%	(0.3%)	-	7.4%	6.0%	-	9.8%
Indiana State University	14.3%	31.8%	19.4%	19.4%	24.9%	17.9%	17.9%
University of Southern Indian	12.0%	3.5%	6.1%	2.0%	6.6%	7.9%	4.5%
Ball State University	16.2%	(10.9%)	5.5%	(15.8%)	(1.8%)	8.9%	(7.7%)
Vincennes University	12.2%	0.0%	7.4%	7.4%	4.6%	8.7%	8.7%
Ivy Tech State College	14.2%	(8.8%)	-	(0.1%)	(3.5%)	-	2.2%
Independent Colleges	12.1%	6.0%	10.5%	4.9%	10.3%	11.6%	9.1%

Notes:

(1) Tuition/fee figures are from Chapter 2.2 in the Commission's historical data series. Covers two 15-credit hour semesters.

(2) Living expenses include room and board, books, supplies, transportation, and miscellaneous personal expenses. Data provided by the institutions as part of their Student Information System submission.

(3) Independent college tuition/fee amount is the weighted average for all Indiana private colleges. (Weighted by total enrollment on each campus.) Living expense amounts are the unweighted averages for all public institutions.

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III. Student Population

This study draws on the Commission's *Student Information System* database, which provides detailed demographic, financial, and academic data for each of the 314,942 students who attended an Indiana public campus in 1994-95. (The database will also include information on the 60,000 or so students who attended an Indiana private college in 1994-95, but that information is not complete as of this writing.)

Of the 314,942 students attending public campuses, 267,032 were undergraduate students. Of the undergraduates, 95,746 enrolled full-time for both semesters. Of these full-timers, more than half (57,173) received financial aid. These 57,173 students are the primary focus of this paper, although the population is further reduced to 45,060 for some analyses which require data elements not available for some students.

Figure 2

1994-95 Annual Headcount Enrollment

	All Students Annual Headcount Enrollment *Note 1*	⇐ Of these, Undergrad *Note 2*	⇐ Of these, Enrolled Full-time *Note 3*	⇐ Of these, Received Financial Aid *Note 4*	⇐ Of these, Complete Data are Available *Note 5*
Indiana University					
Bloomington	44,965	33,918	21,438	10,787	8,305
East	3,319	3,076	660	554	497
Kokomo	5,025	4,444	701	448	379
Northwest	7,816	6,798	1,850	1,226	969
South Bend	11,446	8,502	1,854	1,152	958
Southeast	7,435	6,547	1,777	1,168	984
IUPUI	37,560	27,349	6,335	4,354	3,670
Total IU	117,566	90,634	34,615	19,689	15,762
Purdue University					
West Lafayette	40,919	32,153	21,930	12,238	10,865
Calumet	12,042	10,625	2,820	1,593	0
North Central	4,440	4,337	888	561	235
IUPU Fort Wayne	15,014	13,610	3,466	2,153	1,925
Total PU	72,415	60,725	29,104	16,545	13,025
Indiana State University	15,081	12,328	6,515	3,619	2,746
University of Southern Indiana	9,349	8,631	3,088	2,012	1,558
Ball State University	25,437	20,718	12,840	8,454	7,215
Vincennes University	13,309	13,309	4,823	3,028	2,131
Ivy Tech State College	61,785	60,687	4,761	3,826	2,623
Grand Total	314,942	267,032	95,746	57,173	45,060

Note 1. This is the most inclusive figure available. It includes all students who attended an Indiana public postsecondary institution at any time during the 12-month 1994-95 year.

Note 2. Undergraduates, as identified by student level codes of 2-8 (inclusive) and 13.

Note 3. Students who enrolled for 12 or more credit hours during the Fall 1994 semester who *also* enrolled for 12 or more credit hours during the Spring 1995 semester.

Note 4. Students who received financial aid during the two-semester academic year, as identified by an aid-status code of 2 or 4.

Note 5. Student Contribution, Parent Contribution, and Student Expense Budget are necessary data elements for some of the analyses in this report. These data elements may not be available for some financial aid recipients, especially those receiving merit (non-need-based) awards, where a student's financial situation is not a selection factor.

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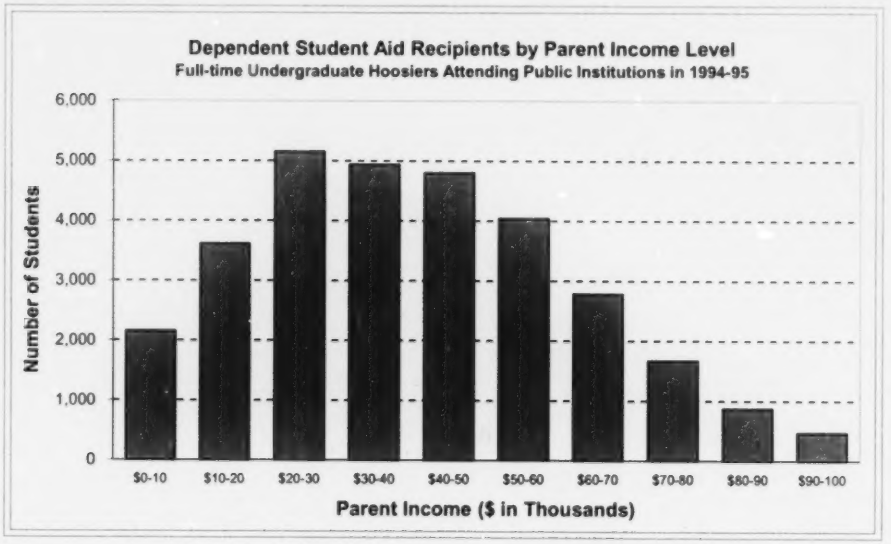
Students may be further classified as either *dependent* or *self-supporting*. While the official classification is marked by precise definitions, a dependent student is in general a younger, straight-from-high-school, traditional college student. A self-supporting student tends to be older, further-removed from high school, and no longer financially reliant on his/her parents. The distinction is important because in assessing a student's financial need for student aid, a monetary contribution is usually expected from the parents of dependent students, but not from the parents of self-supporting students. Figures 3 and 4 report family income distributions for 1994-95 financial aid recipients.

Figure 3



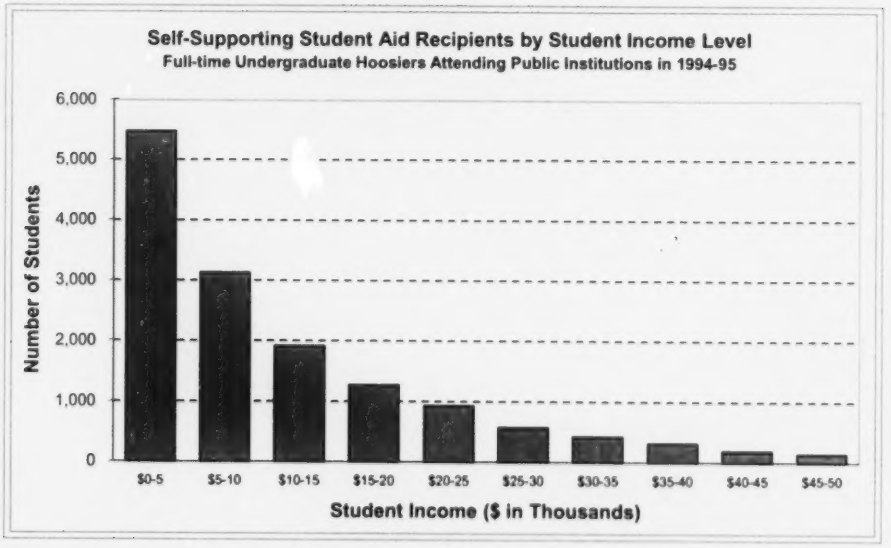


Figure 4

Distribution of Full-Time Undergraduate Financial Aid Recipients
Attending Public Institutions in 1994-95

	IU Bloom.	IUPU Indpls.	IU Regnl.	Purdue W.L.	Purdue Regnl	ISU	USI	Ball State	Vincns Univ	Ivy Tech	TOTAL
I. INDIANA RESIDENT STUDENTS											
A. Dependent Students											
Parent Income											
$ 0- 9,999	388	131	149	359	169	254	102	333	174	103	**2,162**
$10,000-19,999	798	243	343	424	267	408	68	587	326	154	**3,618**
$20,000-29,999	995	352	454	925	405	401	184	854	387	195	**5,152**
$30,000-39,999	979	291	344	1,070	344	405	180	864	336	125	**4,938**
$40,000-49,999	1,002	251	318	1,082	344	378	189	853	308	75	**4,800**
$50,000-59,999	829	210	188	1,033	283	304	163	777	205	46	**4,038**
$60,000-69,999	617	139	101	847	181	174	100	478	110	39	**2,786**
$70,000-79,999	451	104	44	534	81	83	57	273	40	9	**1,676**
$80,000-89,999	262	48	27	277	22	37	19	158	20	8	**878**
$90,000-99,999	140	22	12	173	14	14	14	69	12	3	**473**
$100,000+	223	25	11	188	8	16	18	87	11	5	**592**
Unknown Income	1	0	2	2	31	0	0	0	31	0	**67**
Subtotal	6,685	1,816	1,993	6,914	2,149	2,474	1,094	5,333	1,960	762	**31,180**
B. Self-Supporting Students											
Student Income											
$ 0- 4,999	579	559	628	561	432	339	158	691	225	1,304	**5,476**
$ 5,000- 9,999	193	531	465	341	350	189	109	265	151	533	**3,127**
$10,000-14,999	100	303	298	206	226	101	63	141	90	388	**1,916**
$15,000-19,999	46	187	208	141	138	70	51	97	65	269	**1,272**
$20,000-24,999	35	144	176	104	113	37	30	50	53	187	**929**
$25,000-29,999	16	88	107	55	75	29	25	39	29	113	**576**
$30,000-34,999	9	88	87	39	56	18	18	15	24	76	**430**
$35,000-39,999	13	63	57	29	45	11	12	18	11	55	**314**
$40,000-44,999	6	52	32	21	27	4	6	10	6	28	**192**
$45,000-49,999	2	45	24	11	22	10	9	7	3	16	**149**
$50,000+	5	89	48	15	33	5	6	10	3	43	**257**
Unknown Income	2	0	1	0	153	0	0	0	35	0	**191**
Subtotal	1,006	2,149	2,131	1,523	1,670	813	487	1,343	695	3,012	**14,829**
C. Unknown Dependency	1,059	346	317	910	324	7	261	926	263	0	**4,413**
Subtotal	8,750	4,311	4,441	9,347	4,143	3,294	1,842	7,602	2,918	3,774	**50,422**
II. NON-RESIDENT STUDENTS	2,037	43	107	2,891	164	325	118	852	110	48	**6,695**
III. OTHER RESIDENCY	0	0	0	0	0	0	52	0	0	4	**56**
TOTAL ALL STUDENTS	10,787	4,354	4,548	12,238	4,307	3,619	2,012	8,454	3,028	3,826	**57,173**

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IV. Available Financial Resources

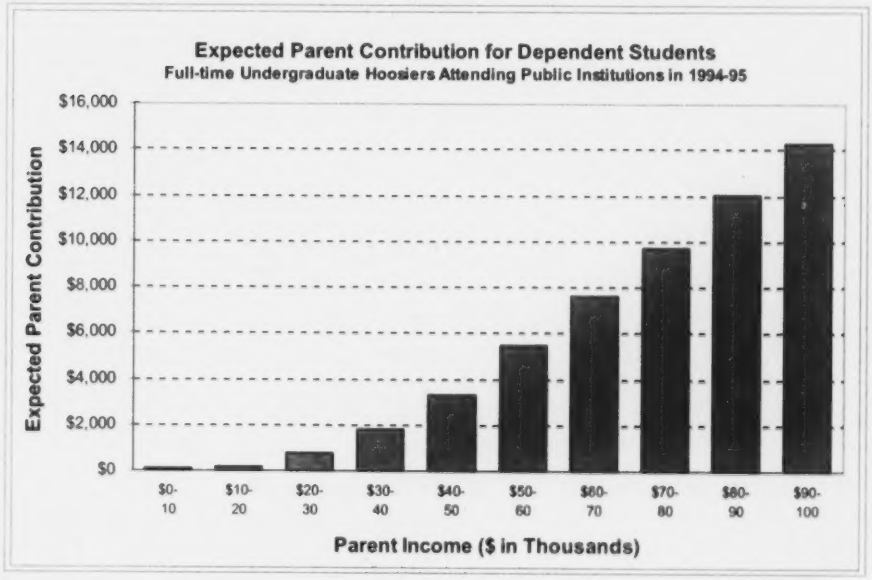
Students pay for postsecondary education through a variety of resources, including expected parent contribution, expected student contribution, grants and scholarships, educational loans, and part-time employment. More complete information about each of these resources follows.

Expected Parent Contribution

A tenet of student financial aid administration is that parents of dependent students are expected to contribute to the educational expenses of their children according to their means, taking into account their income, assets, number of dependents, and other relevant information. A complex formula takes these and other data elements into consideration and computes the expected parent contribution. Parents may actually contribute more, or less. But the "expected" amount is the amount which is assumed to be present when determining the need for additional financial assistance.

On average, the expected parent contribution increases with parent income (Figure 5). In the lower parent income groups, parents are expected to contribute a very small portion of the student's total cost. In fact, below incomes of about $20,000, parents are not expected to contribute much more than $100.

Figure 5

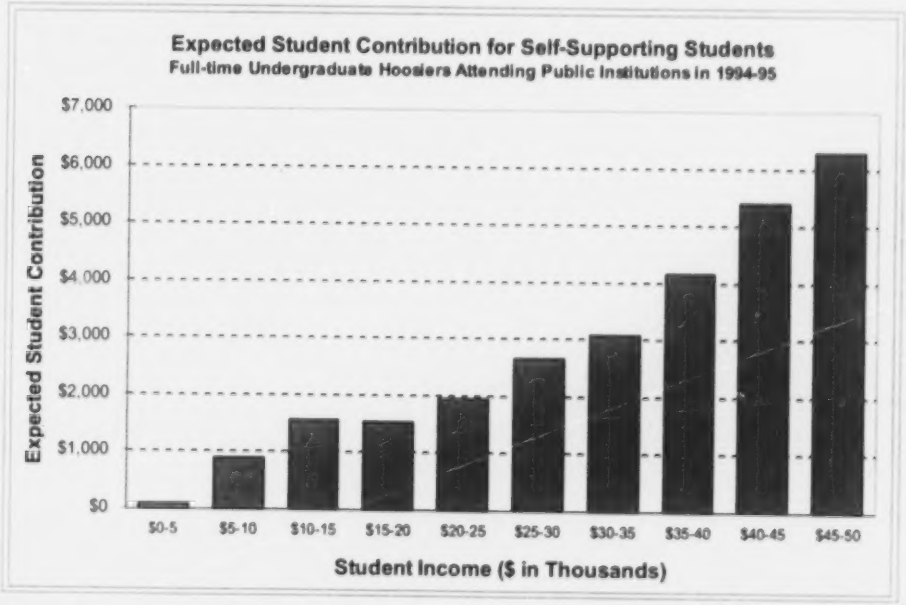


At the opposite extreme, in the higher parent income groups, parents are expected to be able to contribute an amount which may exceed the cost of their child's attendance. Thus, children of higher-income parents may be ineligible for need-based student assistance (depending on the campus chosen, the number of children in college, and the expected student contribution). These are those families who may state that they are "too poor to pay for college, but too well-off to qualify for financial aid."

Expected Student Contribution

Just as parents are expected to contribute to the educational expenses of their dependent children, so too are students expected to contribute to their own expenses. Like the expected *parent* contribution, the expected *student* contribution is determined by a complex formula. A host of factors, including student assets and income, combine to yield an estimate of the amount that should be available for a student to contribute to his or her own expenses. Student contributions are expected of both dependent and self-supporting students, but are calculated for the two groups of students in different ways. The relationship between student income and expected student contribution is shown for self-supporting students in Figure 6, below.

Figure 6



Grant and Scholarship Programs

In 1994-95, grants and scholarships totaling $127,314,511 were provided to about three-quarters of the 57,173 full-time undergraduate financial aid recipients included in this study.

	Grants $ Awarded	Grant Recipients
Indiana Residents		
Dependent	$55,936,079	21,808
Self-Supporting	44,739,429	13,447
Unknown Dependency	7,865,806	4,245
Non-Residents	$18,682,575	4,620
Other Residency	90,622	44
Total	$127,314,511	44,164

As indicated in Figures 7 and 8, the largest single source of grants and scholarships is the federal government, providing more than one-third of the grant funds to dependent students, and nearly two-thirds of the grant funds to self-supporting students. Most federal grants and scholarships are "Pell Grants".

State government is the second largest provider, primarily through the Higher Education Award program operated by the State Student Assistance Commission of Indiana (SSACI). State government provides about one-fourth of grant funds.

The "other" category consists mainly of grants and scholarships provided by the colleges themselves. Also included are any privately-funded awards which are processed through the financial aid office, such as awards provided by university foundations, the Rotary, Kiwanis, Parent-Teacher Organizations (PTO), etc.

Privately-funded Lilly Endowment Education Awards serve mainly dependent students. The LEEA program is being phased out, and will provide its final awards in the 1996-97 year.

Federal grant programs (Figure 9) and State grant programs (Figure 10) focus primarily on lower income families, while other grant and scholarship programs (Figure 11) extend eligibility into higher family income levels. This follows naturally from the fact that eligibility for most state and federal financial aid programs is linked to demonstrated financial need, while eligibility for many institutional and private awards is based on merit.

Figure 7

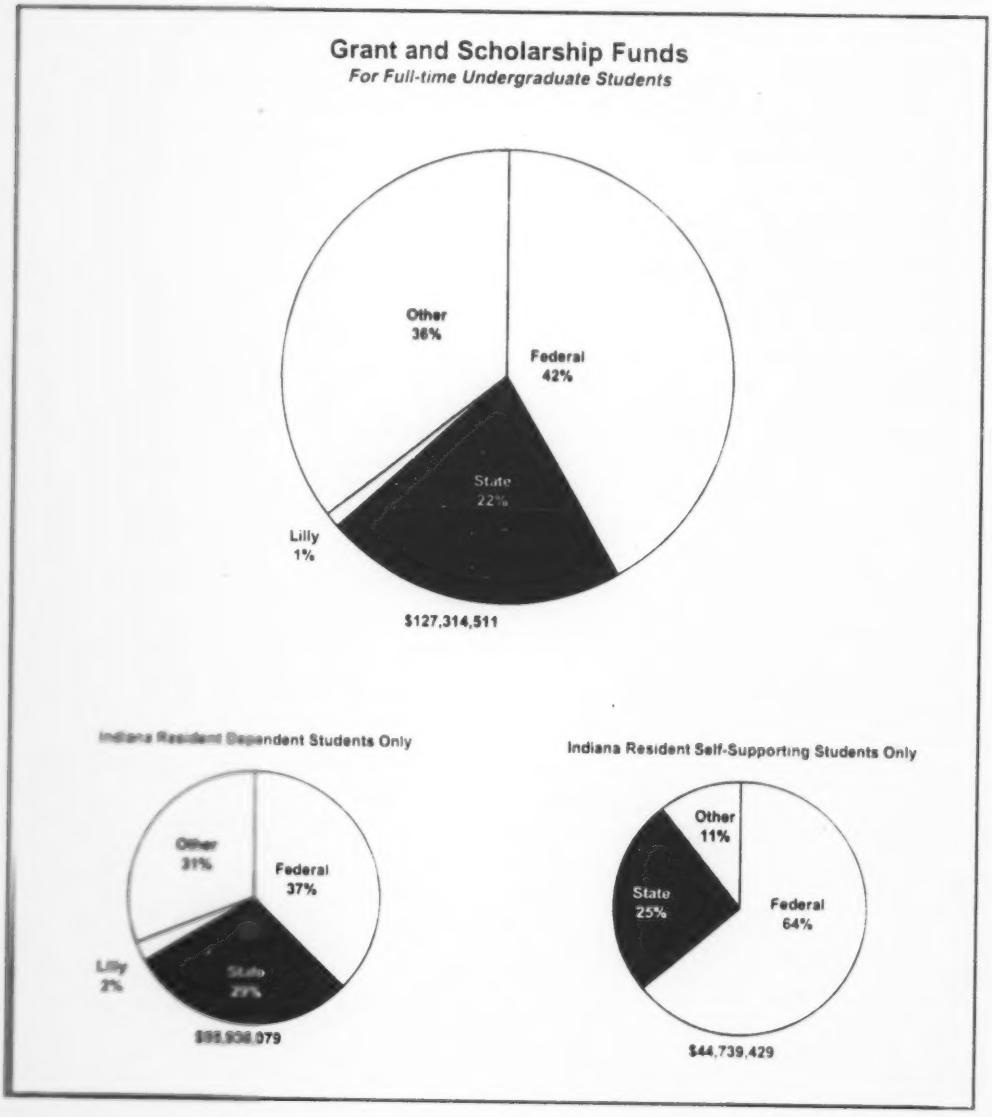


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Figure 8

Distribution of Grants and Scholarships
Full-time Undergraduates Attending Public Institutions in 1994-95

	Federal Grants	State Grants	Other Grants (1)	Lilly Grants	TOTAL Grants
I. INDIANA RESIDENT STUDENTS					
A. Dependent Students					
Parent Income					
$ 0- 9,999	$4,822,225	$2,625,424	$877,361	$45,811	$8,370,821
$10,000-19,999	6,676,729	4,552,102	1,397,954	189,658	12,816,443
$20,000-29,999	5,744,278	4,996,560	2,527,385	457,024	13,725,247
$30,000-39,999	2,354,273	2,585,486	3,203,182	418,962	8,561,903
$40,000-49,999	790,253	994,392	3,068,596	187,734	5,040,975
$50,000-59,999	179,049	276,483	2,470,256	53,376	2,979,164
$60,000-69,999	50,993	77,548	1,589,595	10,929	1,729,065
$70,000-79,999	42,845	37,276	938,832	534	1,019,487
$80,000-89,999	25,757	19,154	561,111	1,178	607,200
$90,000-99,999	11,938	10,700	331,424	390	354,452
$100,000+	11,588	26,436	462,962	0	500,986
Unknown Income	151,458	65,382	13,496	0	230,336
Subtotal	$20,861,386	$16,266,943	$17,442,154	$1,365,596	$55,936,079
B. Self-Supporting Students					
Student Income					
$ 0- 4,999	$13,303,346	$5,285,147	$1,318,235	$7,818	$19,914,546
$ 5,000- 9,999	5,942,334	2,348,419	948,653	29,504	9,268,910
$10,000-14,999	3,377,219	1,194,166	715,987	4,556	5,291,928
$15,000-19,999	2,384,749	926,540	442,402	6,687	3,760,378
$20,000-24,999	1,546,823	611,902	389,836	0	2,548,561
$25,000-29,999	783,675	322,214	240,728	676	1,347,293
$30,000-34,999	397,889	165,602	205,966	4,261	773,718
$35,000-39,999	215,287	74,801	188,354	1,294	479,736
$40,000-44,999	71,076	38,887	137,944	284	248,191
$45,000-49,999	40,821	9,940	104,230	385	155,376
$50,000+	77,611	23,371	142,171	508	243,661
Unknown Income	497,442	198,775	10,914	0	707,131
Subtotal	$28,638,272	$11,199,764	$4,845,420	$55,973	$44,739,429
C. Unknown Dependency	204,650	85,504	7,574,999	653	7,865,806
Subtotal	49,704,308	27,552,211	29,862,573	1,422,222	108,541,314
II. NON-RESIDENT STUDENTS	3,292,097	65,802	15,324,676	0	18,682,575
III. UNKNOWN RESIDENCY	62,917	12,817	14,888	0	90,622
TOTAL ALL STUDENTS	$53,059,322	$27,630,830	$45,202,137	$1,422,222	$127,314,511

(1) Other grants include institutional awards (provided by the colleges themselves) and private awards processed through the financial aid office (Rotary, Kiwanis, University Foundation, PTO, etc.)

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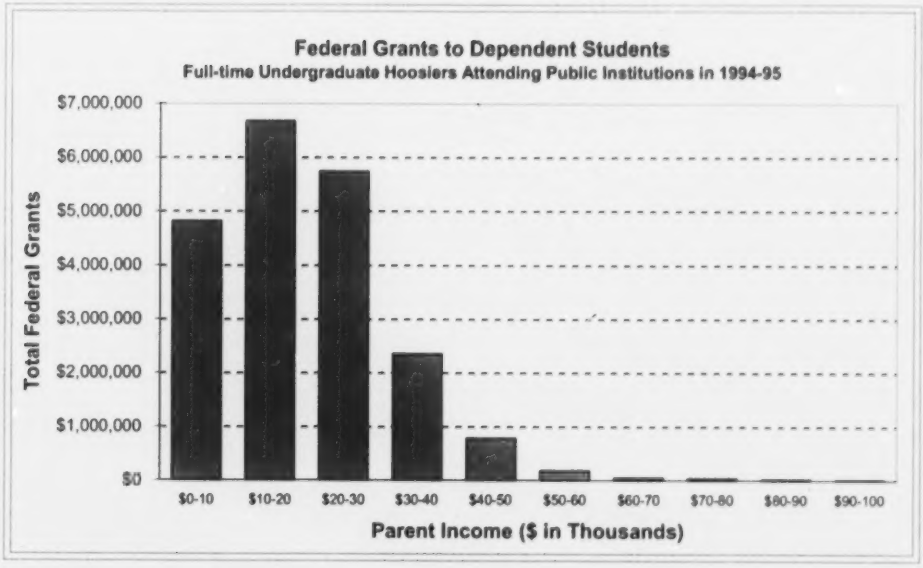
Figure 9



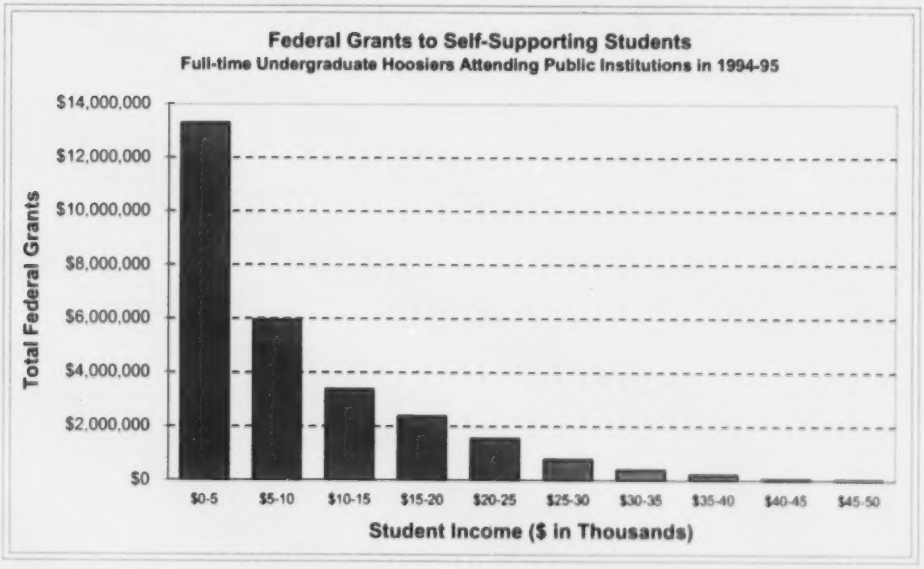


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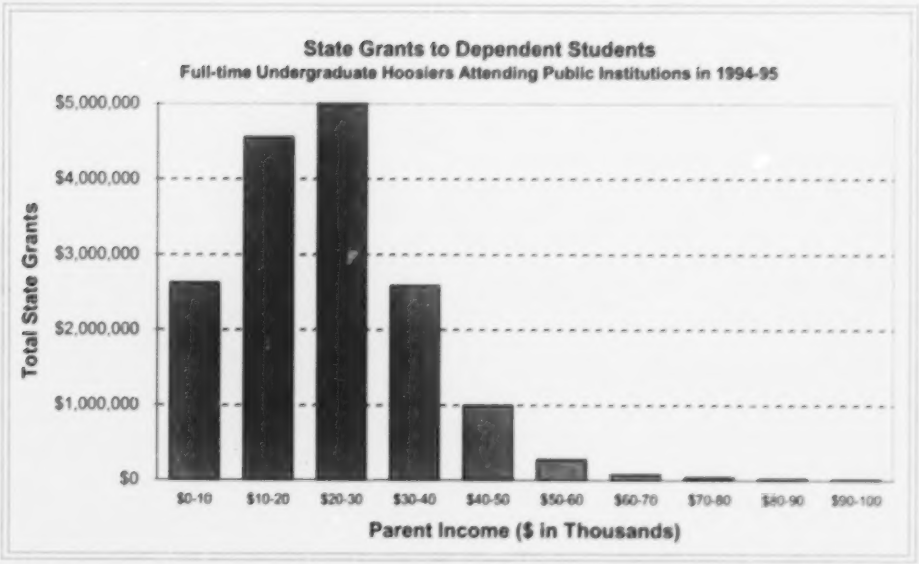
Figure 10


State Grants to Dependent Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Total State Grants
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
$0-10
$10-20
$20-30
$30-40
$40-50
$50-60
$60-70
$70-80
$80-90
$90-100
Parent Income ($ in Thousands)

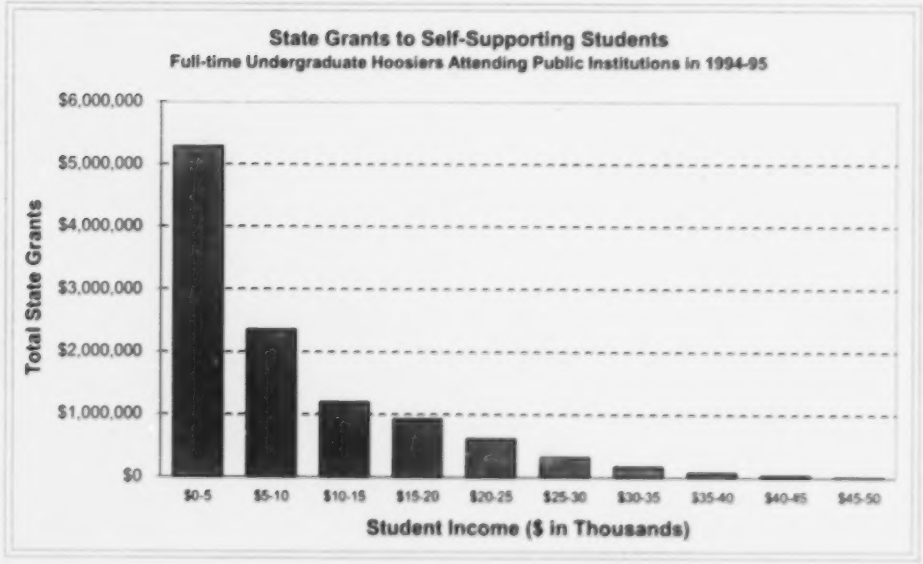
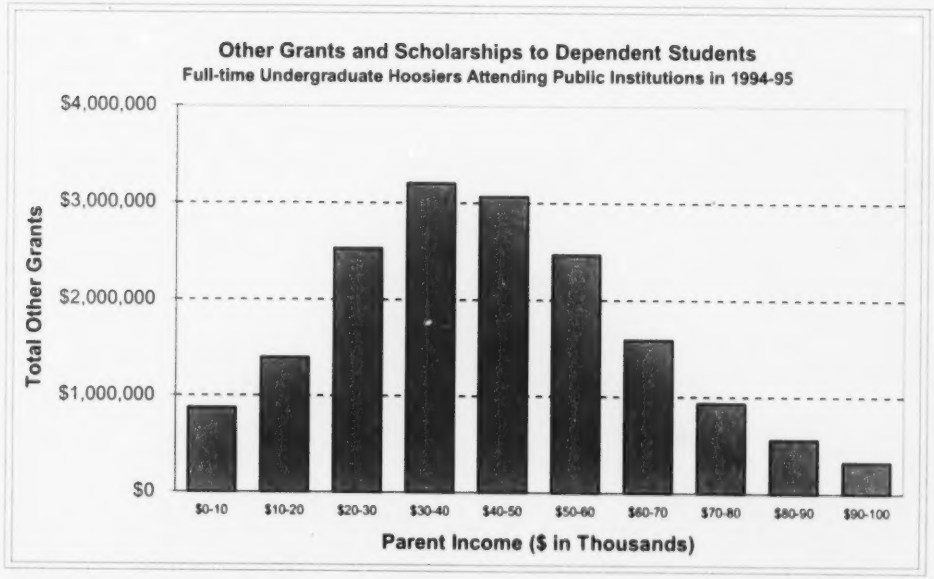
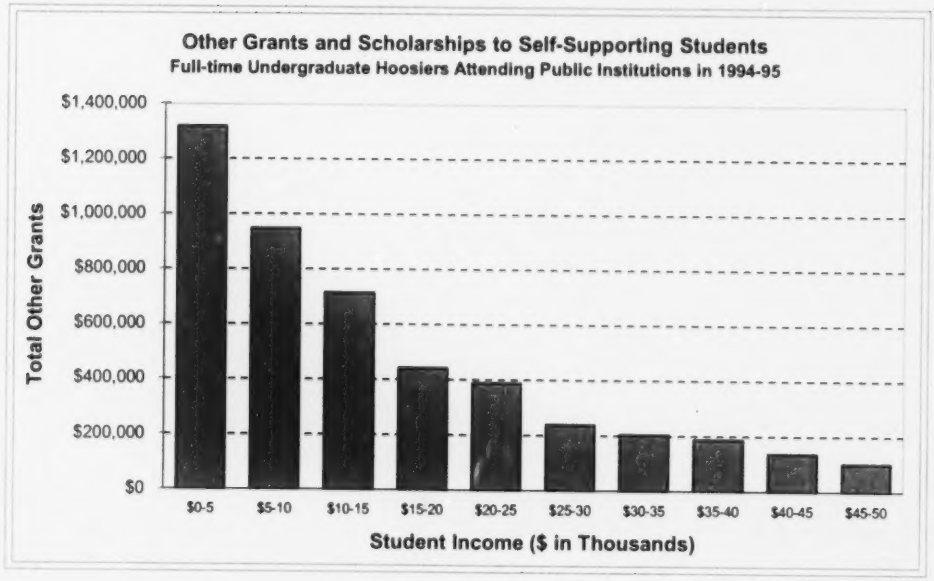

State Grants to Self-Supporting Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Total State Grants
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
$0-5
$5-10
$10-15
$15-20
$20-25
$25-30
$30-35
$35-40
$40-45
$45-50
Student Income ($ in Thousands)

Figure 11


Other Grants and Scholarships to Dependent Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Total Other Grants
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
$0-10
$10-20
$20-30
$30-40
$40-50
$50-60
$60-70
$70-80
$80-90
$90-100
Parent Income ($ in Thousands)


Other Grants and Scholarships to Self-Supporting Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Total Other Grants
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
$0-5
$5-10
$10-15
$15-20
$20-25
$25-30
$30-35
$35-40
$40-45
$45-50
Student Income ($ in Thousands)

Loan Programs

In 1994-95, educational loans totaling $108,347,836 were provided to 32,038 (a little more than half) of the 57,173 full-time undergraduate financial aid recipients included in this study.

	Amount Borrowed	Number of Borrowers
Indiana Residents		
Dependent	$57,747,162	18,852
Self-Supporting	34,660,863	9,324
Unknown Dependency 92,868	35	
Non-Residents	$15,763,655	3,802
Other Residency	83,288	25
Total	$108,347,836	32,038

The federal Stafford Loan Program (formerly known as the Guaranteed Student Loan Program) accounted for most of the $108 million borrowed, with Perkins Loans (formerly known as National Direct Student Loans) accounting for most of the rest.

Stafford Loans	$96,556,838
Perkins Loans	9,928,076
Other Loans	1,862,922
Total	$108,347,836

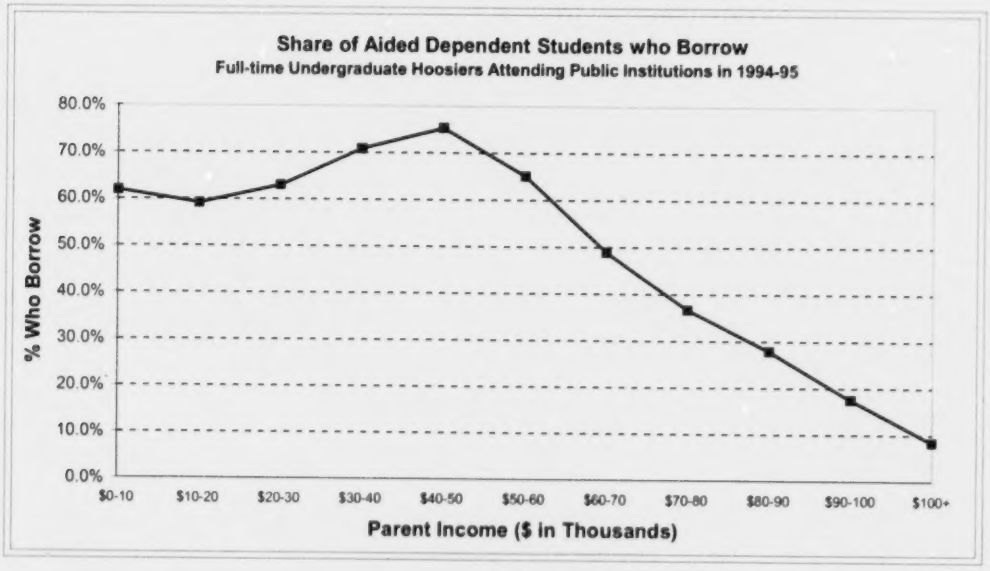
Most financial aid recipients do borrow. In fact, about two-thirds of all self-supporting aid recipients are borrowers, as are two-thirds of the dependent students whose parents earn less than $60,000 (Figure 12). As parent incomes increase above $60,000, however, students are increasingly less likely to borrow.

Average annual loan amounts are high, getting higher, and relatively unaffected by family income level (Figure 13). Dependent students tend to borrow very near their $3,063 average, regardless of parent income. And self-supporting students tend to borrow very near their $3,717 average, regardless of student income. Note that these are *annual* loan amounts, and that after borrowing for several years, students will owe much more than this when they leave college. Figure 13 also shows how average loan amounts have increased over recent years. Most of the increase between 1992-93 and 1994-95 is due to federal changes in annual borrowing limits under the Stafford Loan Program, as follows.

Stafford Loan Program
Maximum Annual Borrowing Limit

	1992-93	1994-95
Freshmen	$2,625	$2,625
Sophomore	$2,625	$3,500
Junior	$4,000	$5,500
Senior	$4,000	$5,500

Figure 12


Share of Aided Dependent Students who Borrow
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
% Who Borrow
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
$0-10
$10-20
$20-30
$30-40
$40-50
$50-60
$60-70
$70-80
$80-90
$90-100
$100+
Parent Income ($ in Thousands)

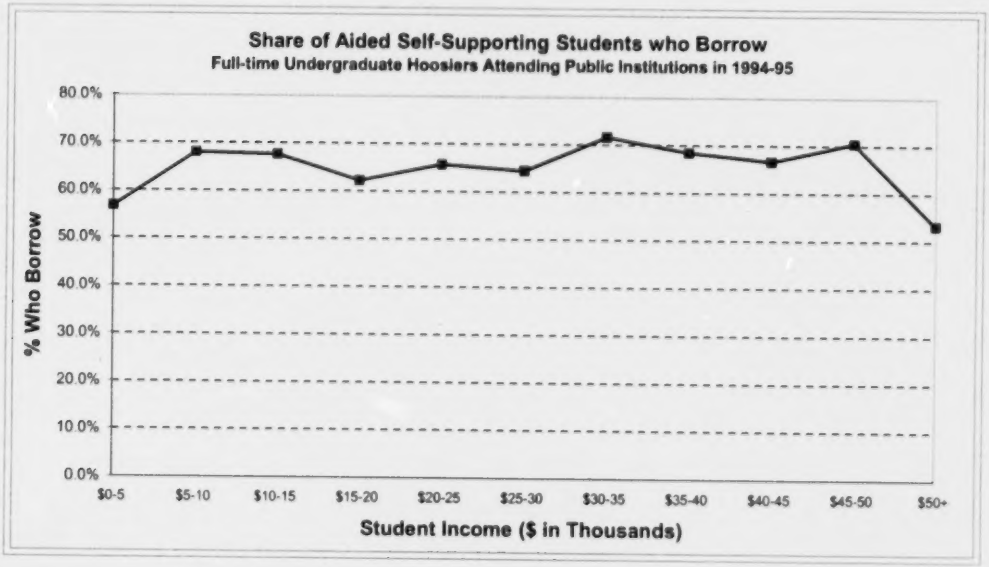
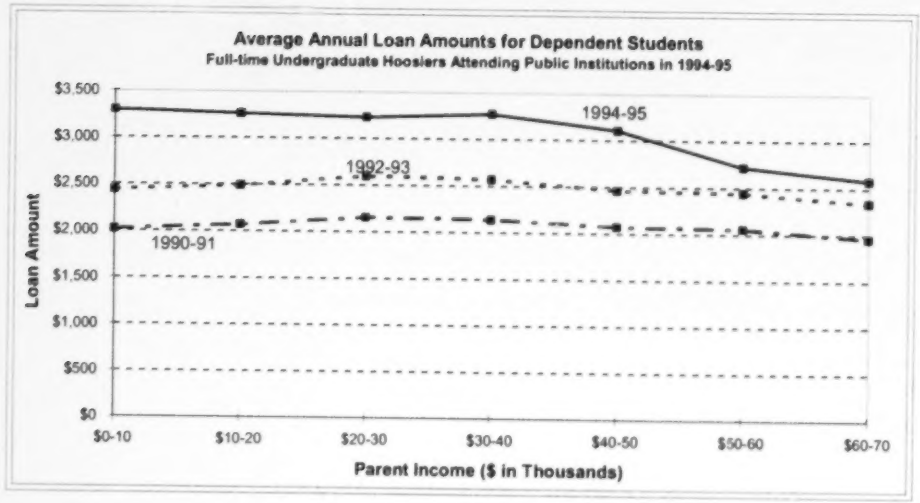
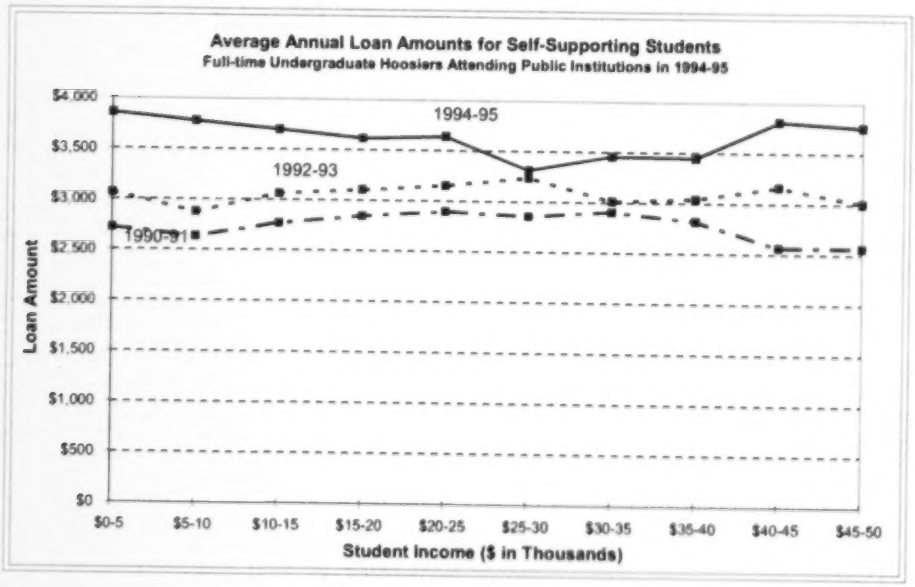

Share of Aided Self-Supporting Students who Borrow
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
% Who Borrow
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
$0-5
$5-10
$10-15
$15-20
$20-25
$25-30
$30-35
$35-40
$40-45
$45-50
$50+
Student Income ($ in Thousands)

Figure 13





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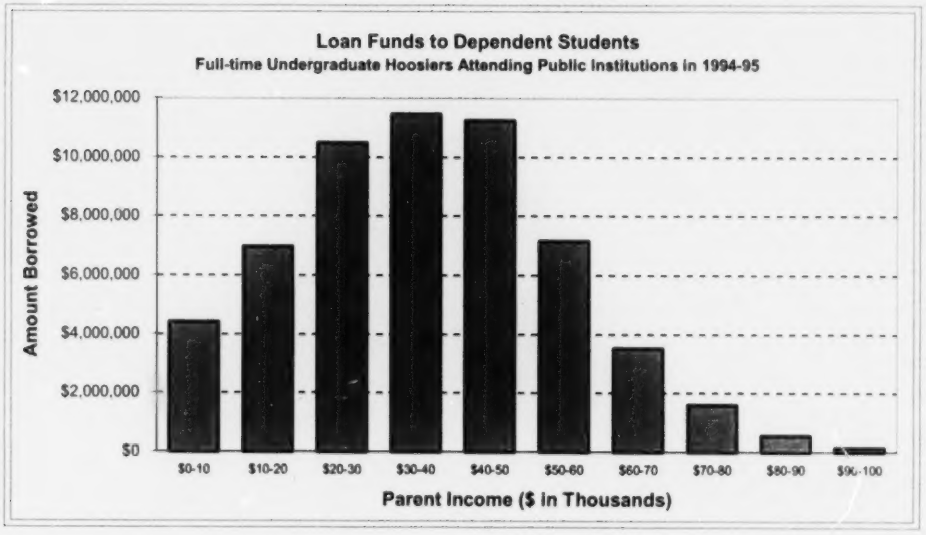
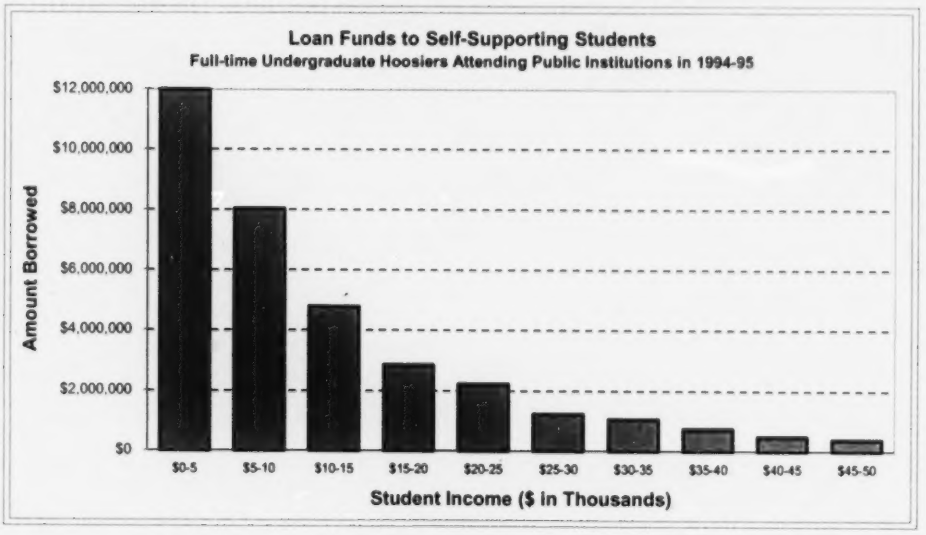
The reason that self-supporting students tend to borrow more than dependent students (Figure 13) is probably related to the fact that self-supporting students are more likely to be upper-classmen, and therefore more able to take advantage of the higher loan limits available to their class.

The amount of borrowing which occurs at each income level is displayed in Figure 14. Note that while very little state and federal grant assistance goes to students with parent incomes above $40,000 (Figures 9 and 10), a substantial portion of the loan volume (Figure 14) goes to the $40,000+ population. Similarly, for self-supporting students, the distribution of borrowers extends to higher income levels than the distribution of federal and state grant recipients.

Figure 14


Loan Funds to Dependent Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Amount Borrowed
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
$0-10
$10-20
$20-30
$30-40
$40-50
$50-60
$60-70
$70-80
$80-90
$90-100
Parent Income ($ in Thousands)


Loan Funds to Self-Supporting Students
Full-time Undergraduate Hoosiers Attending Public Institutions in 1994-95
Amount Borrowed
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
$0-5
$5-10
$10-15
$15-20
$20-25
$25-30
$30-35
$35-40
$40-45
$45-50
Student Income ($ in Thousands)

Work Programs (Part-time Employment)

Part-time employment is a resource available to all students, but is considered only indirectly in this analysis. That is because employment data are incomplete in the SIS database used in this study. The database does supply campus-based work-study data, but cannot report, for example, income from a student's part-time job at an off-campus fast-food restaurant.

So, income from part-time employment is viewed simply as one of the several ways for a student to provide the expected student contribution and to address any potential gap between available resources and educational cost.

V. Combined Financial Resources

Students often pay for college through a combination or *package* of resources, including an expected contribution from the parents, an expected contribution from the student, federal grants, state grants, institutional and other grants and scholarships, and student loans.

When gauging the adequacy of all financial resources available to a student, one additional resource should be included. That resource, termed *additional borrowing capacity*, is money that students are eligible to borrow, but which they choose not to borrow. Said differently, *additional borrowing capacity* is the difference between what a student actually borrows, and the maximum that the Stafford loan program regulations would have permitted ($2,625 for freshmen, $3,500 for sophomores, $5,500 for juniors and seniors).

The way in which these resources combine to address a student's total educational cost is shown in Figure 15 (dependent students) and Figure 16 (self-supporting students). In each case, the various resources accumulate in layers, with each layer representing a contribution towards the total cost.

The white area above the accumulated solid-colored layers represents the gap or shortfall between total available resources and total cost.

Dependent Students

When resources available to dependent students are added together and layered on top of each other (Figure 15), about 87% of educational cost is covered for low-income students. That is, the combination of all resources covers all but 13% of the student's expenses. Interestingly, this 13% gap is fairly constant across all parent incomes, up to about the $40,000 level.

While poorer students and better-off students are similar in that both groups have about 87% of their cost addressed through known resources, they are very different in the mixture of resources which brings them to the 87% level. Poorer students combine a very small parent contribution with substantial grant assistance, while better-off students combine a larger parent contribution with lesser grant assistance. But the end result — resources available to cover 87% of the cost — is approximately the same.

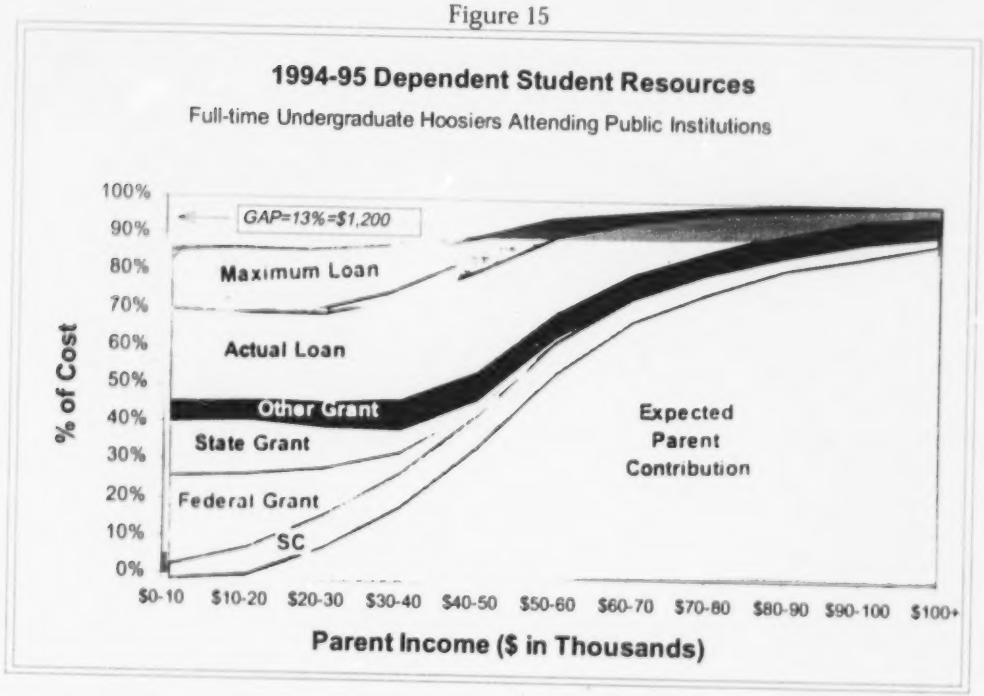
The 13% resource shortfall corresponds to about $1,200, which suggests that available resources enable most full-time *dependent* Hoosier undergraduates to pay most college expenses at an Indiana public campus, if they are willing to borrow the maximum allowable amounts. This statement, while encouraging, requires several caveats:

(1) Not everyone agrees that students should borrow at maximum levels.

(2) The $1,200 resource shortfall is an average for all institutions, and varies significantly from institution to institution (Figure 17). For low income students, the figure ranges from about $700 at Purdue regional campuses and the University of Southern Indiana, to about $2,800 at Indiana University Purdue University Indianapolis. Some students may not be able to afford their first-choice campus.

(3) The resource shortfall may be greater for students who attend college part-time and for those who attend private colleges. (This study addresses only full-time students attending *public* postsecondary institutions.)

Figure 15



Self-Supporting Students

Figure 16 characterizes the resources available to self-supporting students in the same way Figure 15 addressed dependent students. That is, the various resources are combined in cumulative layers, and the top layer represents all combined resources. Note that available resources cover about 79% of the cost for most self-supporting students. The corresponding 21% shortfall is about $2,100.

While the $2,100 resource shortfall for self-supporting students is greater than the $1,200 resource shortfall for dependent students, it is still reasonable to say that available resources enable most full-time *self-supporting* Hoosier undergraduates to pay most college expenses at an Indiana public campus, if they are willing to borrow the maximum allowable amounts. As was the case with dependent students, this statement comes with three caveats.

(1) Not everyone agrees that students should borrow at maximum levels.

(2) The $2,100 resource shortfall is an average for all institutions, and varies significantly from institution to institution (Figure 17). For low income students, the figure ranges from about $700 at Ball State University, to about $3,500 at Indiana University Purdue University Indianapolis. Some students may not be able to afford their first-choice campus.

(3) The resource shortfall may be greater for students who attend college part-time and for those who attend private colleges. (This study addresses only full-time students attending *public* postsecondary institutions.)

Figure 16

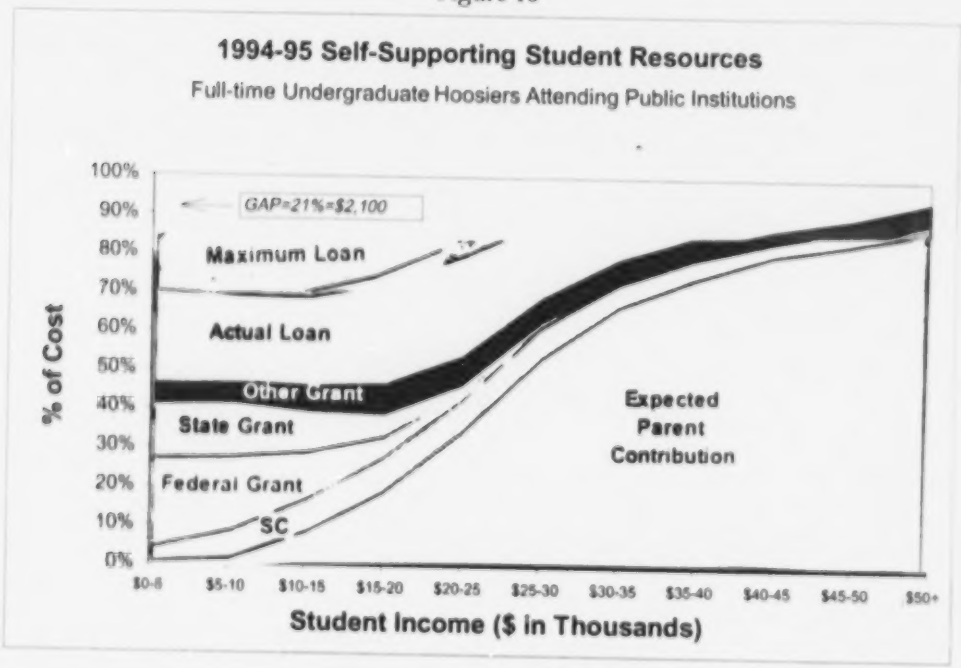


Figure 17

Distribution of Resource Shortfall

	IU Bloom.	IUPU Indpls.	IU Regnl.	PU W.L.	PU Regnl.	ISU	USI	Ball State	Vincns Univ.	Ivy Tech	AVERAGE
Dependent Students											
Parent Income											
$ 0- 9,999	1,252	2,823	919	1,294	640	1,339	685	880	n.a.	1,080	1,153
$10,000-19,999	1,294	2,349	824	1,199	322	1,390	657	824	957	915	1,124
$20,000-29,999	1,470	2,710	1,036	1,267	402	1,747	613	879	1,232	828	1,272
$30,000-39,999	1,566	2,051	897	1,257	436	1,664	589	862	1,055	805	1,220
$40,000-49,999	1,184	1,362	697	1,088	257	1,226	404	657	685	593	931
$50,000-59,999	543	696	294	574	169	578	86	277	319	227	450
$60,000-69,999	339	473	334	316	79	318	45	126	81	217	265
$70,000-79,999	146	220	45	90	1	152	0	56	235	0	107
$80,000-89,999	33	30	0	49	0	241	0	24	0	176	44
$90,000-99,999	40	203	0	16	0	6	0	7	57	0	29
$100,000+	4	21	0	2	0	0	0	0	0	0	3
Self-Supporting Students											
Student Income											
$ 0- 4,999	2,511	3,481	1,964	2,979	725	862	1,197	698	1,380	2,135	2,063
$ 5,000- 9,999	3,212	3,738	2,019	1,734	808	938	1,065	864	1,530	2,153	2,089
$10,000-14,999	2,648	3,159	2,005	1,849	543	627	798	1,182	1,325	2,120	1,911
$15,000-19,999	2,546	3,109	2,460	1,451	622	434	1,528	1,614	1,515	1,910	1,920
$20,000-24,999	2,381	2,980	2,196	1,518	774	808	770	1,179	1,716	1,930	1,891
$25,000-29,999	2,192	2,946	1,589	1,900	1,296	1,196	1,349	1,412	1,746	1,840	1,831
$30,000-34,999	1,914	2,943	2,074	1,640	701	902	2,512	1,690	2,893	1,867	2,047
$35,000-39,999	2,075	2,213	1,904	1,393	1,712	327	2,137	1,840	1,949	2,190	1,883
$40,000-44,999	1,531	1,751	1,382	1,277	900	25	713	1,280	1,825	1,711	1,417
$45,000-49,999	1,840	1,258	1,529	940	615	523	1,863	618	80	1,191	1,123
$50,000+	1,135	765	586	285	297	345	176	0	964	995	626

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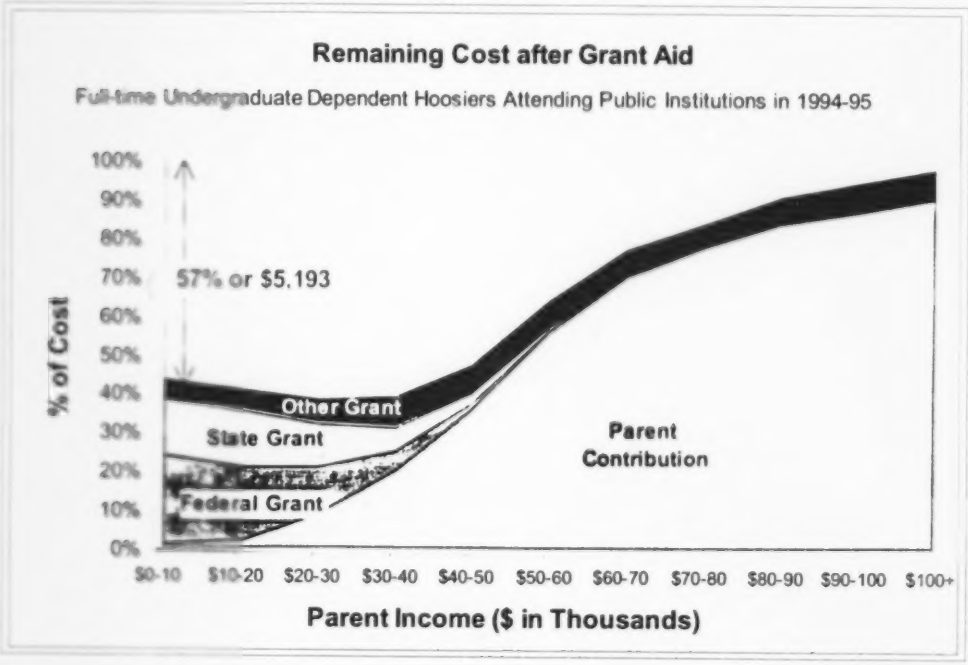
VI. Performance Objective: Cost of Attendance Index

Remaining cost is the amount of money necessary for a student to bridge the gap between the student's available resources and the student's estimated total cost of attendance.

Indiana has tracked a special version of remaining cost in order to measure progress towards a State-Level Performance Objective related to affordability. Termed the *Cost of Attendance Index*, this measure focuses on the poorest of dependent students — those from families with incomes below $10,000 — and measures remaining cost when the only resources considered are expected parent contribution and grants/scholarships. Student contribution, loans, and student employment are not included as resources in this specially-defined remaining cost.

Under this definition, average remaining cost is now $5,193, or 57% of cost. That is to say, in order to attend college, dependent Hoosiers from the lowest income levels need to come up with a little more than $5,000 through some combination of work, borrowing, saving, and cutting back on expenses.

Figure 18



The Commission's Cost of Attendance Index performance objective, adopted in 1991 and amended in 1993, is that:

> ***By 2000, remaining cost for low-income students — before the student's own contribution through work, savings, and loans — should be less than 50 percent.***

This performance objective is not being met. The index currently stands at 57%, and is moving further away from the 50% goal.

COST OF ATTENDANCE INDEX

Remaining Cost After
Expected Parent Contribution and Grants/Scholarships

Year	Amount	% of Cost
1990-91	$3,650	51%
1992-93	$4,586	56%
1994-95	$5,193	57%

VII. Conclusions

1. With respect to the State's benchmark of affordability for full-time students, the Cost of Attendance Index, college is increasingly less-affordable.

   Objective: By 2000, remaining cost for low-income students —before the student's own contribution through work, savings, and loans —should be less than 50 percent.

   Status: Lowest income students are paying more to attend college than they did before. Between 1990-91 and 1994-95, remaining cost increased from 51% to 57%.

2. With respect to the State's benchmark of affordability for part-time students, the Family Affordability Index, college is increasingly less affordable.

   While not included in this study, part-time students account for the majority of Hoosier undergraduates attending public institutions, and for that reason a previous Commission study (May, 1995) is referenced here.

   Objective: Through 2000, the ratio between student fees and median family income should be maintained at 1988-89 levels.

   Status: The real price of college as a percentage of income for Indiana families is going up. Between 1988-89 and 1994-95, Indiana median family income increased 28%. During the same period, unweighted average tuition and fees at the public institutions increased 46%.

   For part-timers, ineligible for many financial aid programs, the State's affordability objective is to limit fee rate increases to the rate of increase in median family income. This objective has not been met.

3. In spite of the State's inability to make progress on performance objectives related to affordability, postsecondary education at public institutions is still financially feasible for most full-time Hoosier undergraduates who are willing to borrow maximum allowable amounts. However:

   - The conclusion is less-true for self-supporting students.
   - The conclusion is less true on certain high-cost public campuses.
   - Not everyone agrees that students should be expected to borrow at the maximum levels permitted under law.
   - Part-time employment may be necessary.
   - This conclusion may not extend to students attending independent colleges.